

Bond Case Briefs

Municipal Finance Law Since 1971

Guidance Clarifies 'Begins Construction' Standard for Renewable Energy Tax Credit, Treasury Says.

Treasury Assistant Secretary for Legislative Affairs Alastair Fitzpayne has advised Rep. Michael Coffman, R-Colo., that recent guidance (Notice 2013-29) clarifies the new “begins construction” standard for wind investment tax credits and provides “the desired degree of certainty” in the marketplace and allows renewable energy projects to move forward.

June 17, 2013

The Honorable Mike Coffman

U.S. House of Representatives

Washington, DC 20515

Dear Representative Coffman:

Thank you for your letter concerning changes made by the American Taxpayer Relief Act of 2012 (ATRA) to the renewable energy production tax credit (PTC) under section 45 of the Internal Revenue Code and the energy investment tax credit (ITC) under section 48.

As you note, ATRA modified the PTC and ITC to apply to projects that “begin construction” by the end of 2013 instead of projects that are “placed in service” by the end of 2013. On April 15, 2013, Treasury and the Internal Revenue Service issued Notice 2013-29 to clarify this new “begins construction” standard. This notice sets forth two ways that a taxpayer can satisfy the standard in 2013:

- (1) beginning physical work of a significant nature,
- or (2) paying or incurring 5 percent of the total cost of the project.

These tests are similar to those used for payments under section 1603 of the American Recovery and Reinvestment Act of 2009. A copy of the notice is enclosed. We believe this guidance provides the desired degree of certainty in the marketplace and allows renewable energy projects to move forward.

If you have further questions, please contact Sandra Salstrom, Office of Legislative Affairs, at (202) 622-1900.

Sincerely,

Alastair M. Fitzpayne

Assistant Secretary for

Legislative Affairs

Copyright © 2024 Bond Case Briefs | bondcasebriefs.com